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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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Rosalind Herman

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06/15/2006

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EXAMINER

PORTER, RACHEL L

ART UNIT

PAPER NUMBER

3626

DATE MAILED: 06/15/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

09/873,864

Applicant(s)

HERMAN ET AL.

Examiner

Rachel L. Porter

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-- The MAILING DATE of this communication appears *n* th cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 21 July 2005.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 2-14, 16-19 and 21-32 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 2-14, 16-19 and 21-32 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

## **DETAILED ACTION**

### ***Notice to Applicant***

1. Claims 2-14, 16-19, 21-32 are pending. Claims 5-6 and 10 were withdrawn from consideration in a provisional election filed 12/29/04 in response to the restriction requirement mailed 11/24/04.

### ***Election/Restrictions***

2. Claims 5-6 and 10 were withdrawn from further consideration pursuant to 37 CFR 1.142(b), as being drawn to a nonelected species, there being no allowable generic or linking claim. Applicant timely traversed the restriction (election) requirement in the reply filed on 12/29/04.

Applicant's arguments with respect to traversal of the genus/species restriction have been fully considered and are persuasive. The restriction has requirement of 11/24/2004 has been withdrawn. Claims 5-6 and 10 are rejoined and all currently pending claims will be examined on the merits.

### ***Claim Rejections - 35 USC § 103***

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

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4. Claims 2-6,10,13-14,16-19,23, and 25-32 rejected under 35 U.S.C. 103(a) as being unpatentable over Meyer et al (USPN 6,330,541) in view of Holmwood ("An Innovative Alternative for Funding Life Insurance Programs") and Hinckley, Jr. (USPN 6,138,102).

[claim 30] Meyer discloses a method for generating funds for a foundation, said method comprising the steps:

- A. determining a foundation cash flow for a program period, and determining a set of life insurance policies and a block of individuals necessary to achieve the foundation cash flow based on a predicted mortality rate for the block of individuals, the life insurance policies configured to generate death benefit distributions in response to a death of one or more individuals from the block of individuals; (Meyer: col. 3, lines 16-37; col. 7, lines 11-20)
- B. providing at least one computer system for storing and managing information representing the life insurance policies; (Meyer: Figure 1; col. 5, lines 62-col. 6, line 39; col. 7, lines 11-20)
- E. distributing funds from the death benefit distributions to satisfy the repayment stream and the foundation cash flow. (Meyer: Figure 5; col. 8, lines 32-41—calculates benefits paid out from the life insurance policy)

Meyer discloses a method comprising insuring a block of individuals, investing the premiums for the policies in an investment vehicle; and paying death benefits on deceased individuals from the pool as explained above.

Meyer does not specifically disclose that a lender provides the money for the

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premiums to procure the insurance policy (i.e. procuring the life insurance policies by borrowing a loan amount comprising a premium payment).

Holmwood teaches the use of premium financing strategies to pay for life insurance policies (i.e. procuring the life insurance policies by borrowing a loan amount comprising a premium payment). (page 1, paragraph 2). At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to modify the method of Meyer with the teaching of Holmwood to allow policy purchaser to borrow the premium amount from a lender. One would have been motivated to include these features to make the method more marketable by not requiring the insured to compromise assets and cash flow to pay for the premiums, as suggested by Holmwood. (Holmwood, par. 2).

Meyer and Holmwood in combination fail to disclose a method further comprising: determining a repayment stream sufficient to repay the loan amount; guaranteeing the repayment stream with a mortality guarantee, comprising generating mortality guarantee distributions when an actual mortality rate is less than the predicted mortality rate; and distributing the guarantee funds (i.e. mortality guarantee funds) to satisfy the repayment stream. Hinckley, Jr. discloses a method for guaranteeing a cash flow stream comprising:

- determining a sufficient repayment stream (e.g. to repay the loan amount); (col. 1, lines 35-46; col. 3, lines 19-40)
- guaranteeing the cash flow (i.e. repayment) stream, by generating (mortality) guarantee distributions when there is a shortfall between predicted cash flow and actual cash flow (i.e. when an actual mortality

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rate is less than the predicted mortality rate); and (col. 1, lines 35-46; col. 3, lines 19-40)

- distributing the guarantee funds (i.e. mortality guarantee funds) to satisfy the cash flow (i.e. repayment) stream (col. 5, lines 61-col. 6, line 2)

At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to modify the method of Meyer and Holmwood in combination with the teaching of Hinckley, Jr. to include a guarantee against cash flow shortfalls and to guarantee the calculated cash flow amount. One would have been motivated to include this feature to ensure that the method overcomes the longstanding problems associated with managing unpredictable inflows of funds for an organization (Hinckley: col. 1, lines 10-17)

[claim 2] Meyer teaches a method, wherein said life insurance policies are variable single premium universal life policies, wherein the premium payment is due at issuance of said set of life insurance policies. (col. 4, lines 6-10)

[claim 3] Meyer teaches a method as claim 30, where in said block of individuals includes about 5,000 or more individuals. (col. 3, lines 35-37)

[claim 4] Meyer discloses a method for purchasing and managing a pool of insurance policies and further discloses that the system stores actuarial data and mortality data, but does not expressly disclose a specific age range of the individuals in the pool/block. However, at the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to modify the

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method/system of Meyer include a broad range of ages (e.g. 25 years of age to about 70 years of age) among the block of individual in the insured pool. As suggested by Meyer, one would have been motivated to include this feature to provide an actuarially credible from which a predictable cash flow may be determined. (col. 3, lines 13-16)

[claims 5-6] Meyer, Holmwood and Hinckley in combination disclose a method as in claim 30, as explained in the rejection of claim 30. Furthermore, Holmwood discloses a method loan amount is a loan taken from a lender for a loan term and wherein said loan term is not greater than said program period. (par. 3)

Holmwood also discloses a method wherein the loan term includes a first period and a second period, the method further comprising making loan interest payments and at least one loan principle payment are to said lender during said first period and making equity supplemental payments (e.g. a percentage of the loan amount) to said lender during said second period. (par. 3-5, par. 9—The entity makes loan interest payments and principle payments to the lender at a certain phase of the loan. Then, based upon stock/equity investments, additional payments may be made on the loan (i.e. after 10 years in the example provided). At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to specify the terms of the loan repayment (e.g. dividing the payment period into a first and second period, specifying when interest and principle payments must be made). As suggested by Holmwood, one would have been motivated to include this feature to make the method more marketable

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by allowing the insured entity to purchase the insurance product without compromising cash flow to pay for the premiums. (Holmwood, par. 2)

[claim 10] Meyer, Holmwood, and Hinckley, Jr. discloses a method comprising insuring a block of individuals, investing the premiums for the policies in an investment vehicle; and paying death benefits on deceased individuals from the pool as explained in the rejection of claim 30. Meyer, Holmwood, and Hinckley, Jr. does not specifically disclose that a lender provides the money for the initial premium for the mortality guarantee.

However, Holmwood does disclose the use of premium financing strategies to pay for life insurance policies (i.e. procuring the life insurance policies by borrowing a loan amount comprising an insurance premium payment). (page 1, paragraph 2). It is respectfully submitted that the mortality guarantee is an additional form of insurance (e.g. supplemental insurance). At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to further modify the method of Meyer, Holmwood and Hinckley, Jr. in combination to allow policy purchaser to borrow funds to cover the cost of the initial premium cost of the mortality guarantee. One would have been motivated to include this feature to make the method more marketable by not requiring the insured to compromise assets and cash flow to pay for the premiums, as suggested by Holmwood. (Holmwood, par. 2).

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[claim 13] Meyer discloses a method for managing cash flow for a pool of life insurance policies as explained in rejection of claim 30. Meyer further discloses a system wherein the death benefit of life insurance policies in the pool may be cover more than 100 % ( e.g. 160%) of the insurable risk (col. 9, lines 13-21: i.e. Meyer allows foundation to be at least a 90% beneficiary of said set of life insurance policies.)

[claim 14] Meyer discloses a method comprising insuring a block of individuals, investing the premiums for the policies in an investment vehicle; and paying death benefits on deceased individuals from the pool as explained as explained in the rejection of claim 30. Meyer does not specifically disclose that a lender provides the money for the premiums to procure the insurance policy (i.e. procuring the life insurance policies by borrowing a loan amount comprising a premium payment).

Holmwood teaches the use of premium financing strategies to pay for life insurance policies (i.e. procuring the life insurance policies by borrowing a loan amount comprising a premium payment). (page 1, paragraph 2). Holmwood further discloses that in these scenarios, the lender accepts the insurance policy as collateral for the loan (i.e. policy purchaser collaterally assigns the policy proceeds to the lender until the policy is repaid.) At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to modify the method of Meyer with the teaching of Holmwood to allow policy purchaser to borrow funds from a lender to cover insurance costs (e.g. the premium) and to

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collaterally assign the policies to the lender. One would have been motivated to include these features to make the method more marketable by not requiring the insured to compromise assets and cash flow to pay for the premiums, as suggested by Holmwood. (Holmwood, par. 2).

[claim 31] Meyer discloses a method for generating funds for a foundation, said method comprising the steps:

- A. determining a foundation cash flow for a program period, and determining a set of life insurance policies and a block of individuals necessary to achieve the foundation cash flow based on a predicted mortality rate for the block of individuals, the life insurance policies configured to generate death benefit distributions in response to a death of one or more individuals from the block of individuals;(Meyer: col. 3, lines 16-37; col. 7, lines 11-20)
- B. providing at least one computer system for storing and managing information representing the life insurance policies; (Meyer: Figure 1; col. 5, lines 62-col. 6, line 39; col. 7, lines 11-20)
- F. receiving into at least one transaction account the initial deposit, death benefit distributions (Meyer: Figure 5; col. 8, lines 32-41—calculates benefits paid out from the life insurance policy; col. 9, lines 13-21—insurance benefit may exceed insurable interest)

Meyer discloses a method comprising insuring a block of individuals, investing the premiums for the policies in an investment vehicle; and paying death benefits on deceased individuals from the pool as explained above.

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Meyer further discloses a method in which the insurance benefit may exceed the insurable interest. (col. 9, lines 13-21—insurance benefit may exceed insurable interest) Meyer does not specifically disclose that a lender provides the money for the premiums to procure the insurance policy (i.e. procuring the life insurance policies by borrowing a loan amount comprising a premium payment).

Holmwood teaches the use of premium financing strategies to pay for life insurance policies (i.e. procuring the life insurance policies by borrowing a loan amount comprising a premium payment and an initial deposit). (page 1, paragraph 2). Holmwood further discloses that in these scenarios, the lender accepts the insurance policy as collateral for the loan (i.e. policy purchaser collaterally assigns the policy proceeds to the lender until the policy is repaid.) At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to modify the method of Meyer with the teaching of Holmwood to allow policy purchaser to borrow funds from a lender to cover insurance costs (e.g. the premium and deposit amount). One would have been motivated to include these features to make the method more marketable by not requiring the insured to compromise assets and cash flow to pay for the premiums, as suggested by Holmwood. (Holmwood, par. 2).

Meyer and Holmwood in combination fail to disclose a method further comprising: determining a repayment stream sufficient to repay the loan amount; guaranteeing the repayment stream with a mortality guarantee, comprising generating mortality guarantee distributions when an actual mortality rate is less than the predicted mortality rate; and distributing the guarantee funds (i.e.

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mortality guarantee funds) to satisfy the repayment stream. Hinckley, Jr.

discloses a method for guaranteeing a cash flow stream comprising:

- determining a sufficient repayment stream (e.g. to repay the loan amount); (col. 1, lines 35-46; col. 3, lines 19-40)
- guaranteeing the cash flow (i.e. repayment) stream, by generating (mortality) guarantee distributions when there is a shortfall between predicted cash flow and actual cash flow (i.e. when an actual mortality rate is less than the predicted mortality rate); and (col. 1, lines 35-46; col. 3, lines 19-40)
- distributing the guarantee funds (i.e. mortality guarantee funds) to satisfy the cash flow (i.e. repayment) stream (col. 5, lines 61-col. 6, line 2)

At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to modify the method of Meyer and Holmwood in combination with the teaching of Hinckley, Jr. to include a guarantee against cash flow shortfalls and to guarantee the calculated cash flow amount. One would have been motivated to include this feature to ensure that the method overcomes the longstanding problems associated with managing unpredictable inflows of funds for an organization (Hinckley: col. 1, lines 10-17)

[claim 16] Meyer discloses a method as in claim 31, wherein said life insurance policies are single premium universal life policies. (col. 4, lines 6-10)

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[claim 17] Meyer teaches a method as claim 31, where in said block of individuals includes about 5,000 or more individuals. (col. 3, lines 35-37)

[claims 18-19] Meyer, Holmwood and Hinckley in combination disclose a method as in claim 31, as explained in the rejection of claim 31. Furthermore, Holmwood discloses a method loan amount is a loan taken from a lender for a loan term and wherein said loan term is not greater than said program period. (par. 3). Holmwood also discloses a method wherein the loan term includes a first period and a second period, the method further comprising making loan interest payments and at least one loan principle payment are to said lender during said first period and making equity supplemental payments (e.g. a percentage of the loan amount) to said lender during said second period. (par. 3-5, par. 9—The entity makes loan interest payments and principle payments to the lender at a certain phase of the loan. Then, based upon stock/equity investments, additional payments may be made on the loan (i.e. after 10 years in the example provided). At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to specify the terms of the loan repayment (e.g. dividing the payment period into a first and second period, specifying when interest and principle payments must be made). As suggested by Holmwood, one would have been motivated to include this feature to make the method more marketable by allowing the insured entity to purchase the insurance product without compromising cash flow to pay for the premiums. (Holmwood, par. 2).

[claim 32] System claim 32 repeats the subject matter of claim 30 as a set of elements rather than a series of steps. As the underlying process has been shown to be fully disclosed by the teachings of Meyer and Holmwood in view of Hinckley, Jr. in the above rejection of claim 30, it is readily apparent that the Meyer, Holmwood, and Hinckley, Jr. references includes a system to perform the recited functions. As such, these limitations are rejected for the same reasons provided in the rejection of claim 30 and incorporated herein.

[claim 23] Meyer, Holmwood, and Hinckley, Jr. in combination disclose the system of claim 32 as explained in the rejection of claim 32. Furthermore, Meyer teaches a system wherein the various components/ subsystems are interconnected via a network (Figure 1; col. 5, lines 62-col. 6, line 22). At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to further modify the system of Meyer, Holmwood, and Hinckley in combination to interconnect each component/subsystem via a network. One would have been motivated to include this feature to facilitate the exchange of information among the system members.

[claim 25] Meyer, Holmwood and Hinckley, Jr. in combination teach the system of claim 32 as explained rejection of claim 32. Furthermore, Meyer discloses a system which includes investment account management subsystem configured

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to manage information related to an investment of at least a portion of said premium payment. (Figure 4; col. 7, lines 49-64)

[claim 26] Meyer discloses a system wherein a subsystem is configured to facilitate selection of at least one of: i. at least one insurer from a candidate set of insurers to provide the set of life insurance policies; iv. at least one guarantor from a candidate set of guarantors to provide the mortality guarantee. (col. 7, lines 55-col. 8, lines 12—system provides information to determine which policies are profitable and how much shortfall there will be between a cash flow and a determined goal.

[claims 27-29] Meyer, Holmwood and Hinckley, Jr. in combination disclose the system of claim 32 as explained in the rejections of claim 30 and 32.

Furthermore Meyer discloses a system comprising insuring a block of individuals, investing the premiums for the policies in an investment vehicle; and paying death benefits on deceased individuals from the pool. Meyer and Holmwood in combination fail to disclose a system further comprising: mortality guarantee subsystem configured to determine a mortality guarantee payment schedule and at least one funds distribution subsystem further configured to distribute mortality guarantee payments to satisfy the mortality guarantee payment schedule.

Hinckley, Jr. discloses a system for guaranteeing a cash flow stream configured to:

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- determine a sufficient repayment stream (e.g. to repay the loan amount); (col. 1, lines 35-46; col. 3, lines 19-40)
- guarantee the cash flow (i.e. repayment) stream, by generating (mortality) guarantee distributions when there is a shortfall between predicted cash flow and actual cash flow (i.e. when an actual mortality rate is less than the predicted mortality rate); and (col. 1, lines 35-46; col. 3, lines 19-40)
- distribute the guarantee funds (i.e. mortality guarantee funds) to satisfy the cash flow (i.e. repayment) stream (col. 5, lines 61-col. 6, line 2)

At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to modify the system of Meyer and Holmwood in combination with the teaching of Hinckley, Jr. to include a guarantee against cash flow shortfalls (e.g. principle, interest payments) and to guarantee the calculated cash flow amount. One would have been motivated to include this feature to ensure that the system overcomes the longstanding problems associated with managing unpredictable inflows of funds for an organization (Hinckley: col. 1, lines 10-17)

5. Claim 24 is rejected under 35 U.S.C. 103(a) as being unpatentable over Meyer et al (USPN 6,330,541), Holmwood ("An Innovative Alternative for Funding Life Insurance Programs"), Hinckley, Jr. (USPN 6,138,102), as explained in the rejection of claim 30 and 32 and in further view of Official Notice.

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[claim 24] Meyer, Holmwood and Hinckley, Jr. in combination disclose the system as in claim 32, as explained in the rejection of claims 30 and 32, but do not expressly disclose the use of electronic funds transfer to distribute the funds. However, the use of EFT is well-known in the art. At the time of the applicant's invention it would have been obvious to one of ordinary skill in the art to modify the system of Meyer, Holmwood and Hinckley, Jr. in combination to transfer/distribute funds via EFT. One would have been motivated to include this feature to reduce the paperwork and increase the speed and efficiency with which the funds are processed.

6. Claims 7-9,11-12, and 21-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Meyer et al (USPN 6,330,541), Holmwood ("An Innovative Alternative for Funding Life Insurance Programs"), Hinckley, Jr. (USPN 6,138,102), as explained in the rejection of claim 30 and 32 and in further view of Ryan (USPN 5,802,500)

[claims 7-9 and 11-12] Meyer, Holmwood and Hinckley in combination teach a method of generating funds for an organization using insurance policies and loans, as explained in the rejection of claim 30. Meyer further discloses a system wherein the death benefit of life insurance policies in the pool may be cover more than 100 % (e.g.160%) of the insurable risk (col. 9, lines 13-21—i.e. recipients may receive amount sufficient to pay start-up costs for an initial period, the start-up costs including an initial interest payment on said loan amount, an initial premium for the mortality guarantee, and an initial trustee fee.) Meyer further

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discloses a system which includes investment account management subsystem configured to manage information related to an investment of at least a portion of said premium payment. (Figure 4; col. 7, lines 49-64)

Meyer, Holmwood and Hinckley do not expressly disclose that the funds are distributed into an escrow account. Ryan discloses a system wherein insurance funds (e.g. from death benefits) are received into an escrow account managed by an account trustee (col. 2, lines 1-39; col. 3, lines 59-67). Ryan further discloses the trustee is a nominee trustee that holds the life insurance policies and files death benefit claims against said life insurance policies. (col. 8, lines 63-col. 9, line 5). Ryan further discloses a method in which the escrow account includes investing in low risk vehicles (Ryan: Table 10) At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to modify the method/ system of Meyer, Holmwood and Hinckley, Jr. in combination with the teachings of Ryan. As suggested by Ryan, one would have been motivated to include these features to facilitate the management of the funds, while managing and monitoring the tax liabilities associated with the account. (col. 4, lines 56-col. 5, lines 5)

[claims 21-22] Meyer, Holmwood and Hinckley in combination teach a system for generating funds for an organization using insurance policies and loans, as explained in the rejection of claim 32. Meyer further discloses a system wherein the death benefit of life insurance policies in the pool may be cover more than 100 % (e.g.160%) of the insurable risk (col. 9, lines 13-21—i.e. recipients may

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receive amount sufficient to pay start-up costs for an initial period, the start-up costs including an initial interest payment on said loan amount, an initial premium for the mortality guarantee, and an initial trustee fee.) Meyer further discloses a system which includes investment account management subsystem configured to manage information related to an investment of at least a portion of said premium payment. (Figure 4; col. 7, lines 49-64)

Meyer, Holmwood and Hinckley do not expressly disclose that the funds are distributed into an escrow account. Ryan discloses a system wherein insurance funds (e.g. from death benefits) are received into an escrow account (i.e. VEBA trust) managed by an account trustee (col. 2, lines 1-39; col. 3, lines 59-67). At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to modify the method/ system of Meyer, Holmwood and Hinckley in combination with the teachings of Ryan. As suggested by Ryan, one would have been motivated to include these features to facilitate the management of the funds, while managing and monitoring the tax liabilities associated with the account. (col. 4, lines 56-col. 5, lines 5)

### ***Response to Arguments***

7. Applicant's arguments with respect to claims 2-14, 16-19, and 21-32 have been considered but are moot in view of the new ground(s) of rejection.

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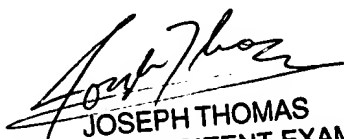
**Conclusion**

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Rachel L. Porter whose telephone number is (571) 272-6775. The examiner can normally be reached on M-F, 9:30-6:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas can be reached on (571) 272-6776. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

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JOSEPH THOMAS  
SUPERVISORY PATENT EXAMINER